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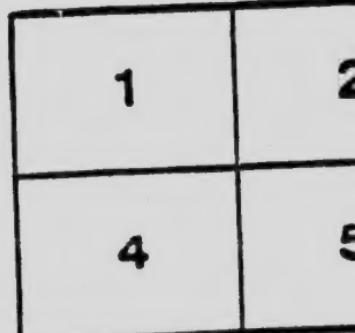
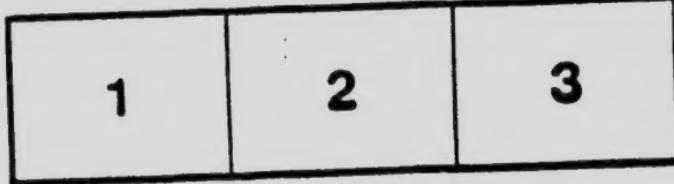
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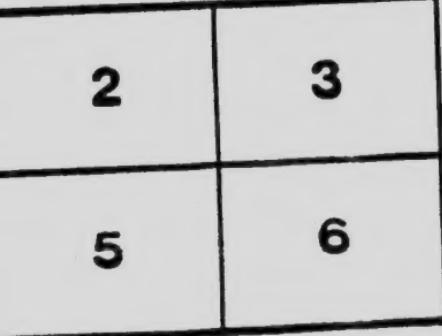
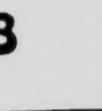
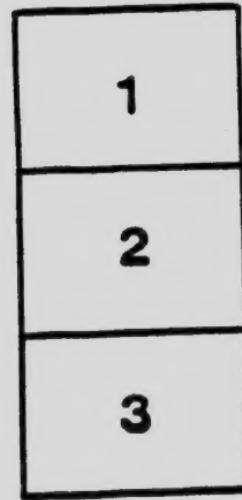
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23

Aug 21 1985

**THE
INCOME
TAX
AND
THE INDIVIDUAL**

**Revised to include
Amendments of 1920**

COMPLIMENTS OF
**THE ROYAL TRUST
COMPANY**

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* * *

Not merely the rich, but a multitude of persons of extremely moderate means come under the Income Tax Law of the Dominion.

This booklet for their guidance has been compiled from the most authoritative sources, and from the experience gained by the Income Tax Department of The Royal Trust Company, which has to make hundreds of returns of the most varied nature every year.

The Company has taken great precautions to ensure accuracy in its statements, but it does not accept any responsibility in this connection.

* * *

DATES TO BE REMEMBERED

March 31—Last day for Companies' and Employers' returns of shareholders and employees, (Forms T4 and T 5) and Fiduciaries' Returns, (Form T3.)

April 30—Last day for return of income and payment of tax—one-fourth of it at least.

June 30—Second instalment due.

Aug. 31—Third instalment due.

Oct. 31—Fourth and last instalment.

89-1024

Take no chances. Your return, perfectly accurate, with at least a quarter of the tax, must be sent in by April 30, to avoid heavy penalties. Apply to The Royal Trust Company for information and advice.

The New Income Tax Law and How to Meet It.

A change threatening most serious consequences to the tax-payer was made in the Federal Income Tax Law by the Statutes of 1920.

The citizen must not now wait till he is asked for his tax; nor may he leave the calculation of its amount to the officials. **He must calculate it himself, and pay it without being asked.** Along with the form showing his income for 1920, he must send in (by April 30, 1921) **at least** one-fourth of the actual tax which he reckons himself liable for—the rest being payable later, with 6% interest, in three two-monthly instalments.

If he puts the figure too low, he becomes immediately and **automatically liable to heavy penalties**, even if his error is unintentional. The government officials have no power to let him off. The law decrees the precise sum which he must be fined.

For instance,—

If he understates his income by a trifling amount, up to one-tenth, he must pay income tax on the deficiency with 10% interest.

If he understates his income by more than ten but less than twenty per cent, the fine is **half the amount of income omitted**,

—not merely half the tax. If the deficiency is 20 per cent. or more, the **whole of the unreported income is taken**.

Thus, if he states his income as \$4,500,

THE INCOME TAX AND THE INDIVIDUAL

when it is \$5,650, he is fined \$1,150, b.
of course the unpaid tax.

If he is late in sending in his return, **25 per cent. is added** to his tax.

If he pays less than a fourth of the tax as estimated by himself to begin with, or less than the proper amount in the case of later instalments, **25 per cent. of the deficiency** (and in no case less than \$5) is added to his tax. The same penalty is prescribed for not paying within 30 days any sum demanded in addition to the tax as estimated by himself.

If he is asked for further information and is late in sending it, or if he fails to keep such adequate records and accounts as the Finance Minister may prescribe, he may be fined \$10 a day for his default; and a false statement may be punished with a \$10,000 fine and six months in jail.

* * *

THE GOVERNMENT'S SOURCES OF INFORMATION.

The Government does not rely on the tax payer alone for information as to his income. It may call on any person who has had dealings with him, to produce books or other documents showing the facts; and these must be produced, under a penalty of \$100 a day during default, with a possible fine of \$10,000 and six months' imprisonment for making a false statement.

Employers have to send in every year (by March 31) returns of all employees paid at a rate of \$1,000 a year or more. Fees and other remuneration of Company officials and directors, lawyers' retaining fees, ministerial and other salaries paid by churches, all must be reported.

All companies must in addition file statements of dividends and bonuses paid to shareholders.

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Knowledge of your private affairs, however, is prevented from going beyond the officials concerned. They would subject themselves to a fine of \$200 by any breach of confidence.

* * *

INSURE AGAINST COSTLY ERROR.

Now, the shrewd citizen sees that errors are as easy to make as their punishment is hard to escape. He therefore takes care to **insure against error** when making his return, by securing the most expert help available. This the Company's Income Tax Department is peculiarly qualified to supply, and does supply at an extremely moderate charge. Owing to the increased rigor of the new law, the necessity of such help is being realized more keenly than ever, and the company has made preparations to answer the hundreds of inquiries which will undoubtedly be made of it this year.

* * *

OTHER CHANGES IN THE LAW.

The tax is now levied on income from an **estate** whether that income has been distributed or not. For example, if the income under a will is being allowed to accumulate until the beneficiary reaches a certain age, the executor or trustee must pay income tax year by year. This provision is retroactive; that is, the tax must now be paid for 1917, 1918, and 1919, as well as 1920.

Executors, Administrators and Trustees have to make returns of money collected for an Estate and of all amounts paid or accrued to each beneficiary. An Executor must also file any return which the deceased may have neglected to file.

THE INCOME TAX AND THE INDIVIDUAL

The income of an estate is not ordinarily taxed as such, but each beneficiary must include in his return, and pay tax upon, all revenues accruing to his credit through an estate.

The guardian or other legal representative of a minor or other incapacitated person must make any return which that person would have to make if capable.

Trustees in bankruptcy, executors, etc., must make returns and pay any tax due before distributing any part of the estate under their control.

Company profits paid to shareholders in the form of **stock dividends** are now expressly mentioned in the Act as liable to income tax. But the tax will not be levied on such profits if they had accumulated before 1917 and if their distribution to shareholders has been voted before the end of 1920.

Five per cent. has been added to the amount payable on any taxable income of \$5,000 or more. (This was levied on incomes for 1919.)

The agent in Canada of anyone resident outside Canada must make a return of any income collected for such non-resident; but such income is not made subject to tax merely because an agent in Canada was employed to collect it.

* * *

STUDY THE ACT ITSELF.

Every citizen should carefully study the law, which is given in full on pages 13 to 30; but its main features, so far as they have not already been described, are made clear in these answers to questions:—

WHO COMES UNDER THE LAW?

Everyone with \$1,000 a year (or \$2,000 if he or she is married) who ordinarily resides in Canada, or has lived in Canada 183 days during

THE ROYAL TRUST COMPANY, MONTREAL

the year, or is employed or carries on business in Canada, or is paid for services rendered in Canada (but, in this last case, only on the income so earned). For exceptions, see pages 21 and 22.

HOW MUCH IS THE TAX?

The Normal Tax is 4% on incomes up to \$6,000, and 8% on incomes exceeding that figure. Then there is a Surtax on incomes over \$5,000, and this rises by regular steps from 1% on the first \$1,000 over the \$5,000 mark to 65% on anything over \$1,000,000. Also 5% of the combined Normal Tax and Surtax is payable on any net taxable income of \$5,000 or more. (See pages 16 to 19.)

YOU MUST APPLY FOR A FORM.

You must not wait till some official sends you a form to fill up. The law insists on your getting it for yourself. You can get it from the Inspector of Taxation for your district, or from a Post-Office, or from The Royal Trust Company, which has offices at your disposal in Halifax, St. John, N.B., Quebec, Montreal, Ottawa, Toronto, Hamilton, Winnipeg, Calgary, Edmonton, Vancouver and Victoria.

ASSISTANCE IN FILLING IT UP.

The Royal Trust Company will fill up the form for you, or assist you in filling it up, on receipt of the necessary information and payment of a small fee.

The Income Tax Act has been supplemented by hundreds of decisions of the Finance Department, on particular questions raised from time to time. These decisions are in the hands of every Inspector of Taxation, but have not been collected and issued for public use. The Royal Trust Company is constantly in touch with the Finance Department and the local inspectors of taxation, and the company's clients have the benefit of this information.

THE INCOME TAX AND THE INDIVIDUAL

SENDING IN FORMS AND PAYING THE TAX.

The form, when filled up, must be sent or handed to the local Inspector of Taxation by April 30 at latest. **Allow plenty of time for possible delay in the mails.**

Along with the form, as already stated, you must send at least one-quarter of the tax itself. You can pay the rest in not more than three instalments—two, four, and six months after April 30—with 6% interest from that date to the date of payment.

It is strongly advised that the first remittance, being based only on your own estimate, should be well over the one-fourth minimum. If possible, send a half. At any rate, **add a good margin in case of error**, and so obviate the risk of penalties. The more you pay, the more interest you save.

Every payment should be made by money order or certified cheque if not delivered in cash.

IF YOUR FIGURES ARE REJECTED.

If your figures are accepted, you will be notified by the local Inspector of Taxation.

If the taxation officials think you have paid too much, they will return the surplus.

If they think you have paid too little, or under-stated your income, they will demand the balance of the tax which they reckon to be due, (with penalties as described on pages 1 and 2).

YOU CAN APPEAL.

If dissatisfied with the official assessment, you can appeal (**within 20 days of its mailing**) first to a Board of Referees and finally to the Exchequer Court of Canada.

The Board of Referees **may increase** the official assessment.

EXEMPTIONS AND DEDUCTIONS.

To the question "What Income has to be stated?" the answer is:—

Your revenue for the calendar year 1920, from salary and fees, business profits, rents, interest, dividends, and other income, including that received from another country.

WHAT DEDUCTIONS ARE ALLOWED IN CALCULATING NORMAL TAX?

1. \$1,000, if you are unmarried or widow or widower and without dependents.
2. \$2,000 if married.
3. \$2,000 if unmarried or a widow or widower with dependent child or brother or sister under 18, or with a dependent parent or grandparent.
4. \$2,000 if a widow or widower with dependent child under 21, or with incapacitated child of any age.
5. \$200 for each dependent child under 18.
6. Dividends from companies doing business in Canada, which have themselves paid Normal Tax.

EXEMPTIONS FROM ALL INCOME TAX.

In addition, the following four items are entirely exempt from Federal Income Taxes:—

1. Interest on any Dominion of Canada War Bonds issued free from income tax.
2. Pensions granted to any member of His Majesty's forces or their dependents, on account of disabilities suffered in the Great War.
3. Money made by speculation outside the ordinary course of your business.
4. Legacies, gifts, and proceeds of Life Insurance Policies, but not money earned by the investment of these.

THE INCOME TAX AND THE INDIVIDUAL

DEDUCTIONS FROM INCOME ON ACCOUNT OF EXPENDITURE.

To arrive at your net income deduct also:—

1. Ordinary expenditure for the purpose of your business or profession.
2. Interest on money borrowed, excluding mortgage on your own residence and borrowings for personal and living expenses.
3. Taxes, insurance, repairs and depreciation on land or buildings, except your own residence.
4. Amounts paid by employees under Superannuation Funds or plans.
5. Carrying charges on securities, not exceeding income therefrom.

Note.—No deduction is allowed for subscriptions to hospitals, or other gifts for charity. Nor may you deduct, from the profit on your chief business, your loss on a "side line."

DEDUCTIONS FROM TAX.

You are entitled to deduct from your tax :—

1. Certain payments made for corresponding periods under the Special War Revenue Act or the Business Profits War Tax Act; and
2. Income tax paid to another country, if this deduction does not exceed the tax you would pay in Canada on the particular income for which you have paid the tax elsewhere, and, in the case of a foreign country, if that country reciprocates by allowing a similar credit to persons receiving income from Canada. This credit is allowed by the United States.

NO THREE-YEAR AVERAGE HERE.

Persons from the United Kingdom, accustomed to paying on their average income for three years, will notice that no such practice is allowed in Canada. Also, that Life Insurance Premiums are not exempted here. Nevertheless the tax in Canada is considerably less than in the United Kingdom.

THE ROYAL TRUST COMPANY, MONTREAL

Persons from the United States, while they will find the rates practically the same in Canada, will notice, among other differences in the law, that we do **not** tax as income the profit made by selling a capital asset at more than its cost, unless such sale forms part of their chief business.

DEPRECIATION.

The Finance Minister has to judge what is "reasonable" depreciation. In practice, he allows a yearly depreciation of 2% on stone or concrete buildings, 2½% on brick and 5% on wood buildings; from 5% to 10% on machinery; and 10% on office furniture and fixtures.

Depreciation is allowed on an automobile in proportion to its use in the **owner's business**.

* * *

FARM INCOME AND EXPENDITURE.

A Farmer or Rancher has to supply, on a special form, a large number of details.

He has to include among other items of gross revenue the value of his products consumed on the farm itself, and of products bartered as well as sold.

He may deduct, among other items of expenditure:—

1. Wages and board of hired help employed in preparing land for crops; in cultivating, harvesting and marketing same; and in caring for livestock.

2. Cost of seed, feed, and fertilizers.

3. Cost of small implements and sundry materials such as pitch forks, spades, binder twine, etc.

4. Cost of repairs to machinery, fences and buildings other than his dwelling.

5. Interest on mortgage or unpaid purchase price of farm, of livestock, and of equipment.

6. Depreciation: 5% on fences and wooden buildings other than farmer's own dwelling; 10% on machinery and work horses.

THE INCOME TAX AND THE INDIVIDUAL

MARRIED WOMEN'S INCOMES.

A married woman having a private income not derived in any way from her husband may claim personal exemption up to \$2,000, for Normal Tax, just as he does. Beyond this figure she is liable to the same taxes as anyone else and must apply for a form and send it in with the necessary remittance.

In such a case, the \$200 exemption for each dependent child may be claimed by either husband or wife, but not by both.

No partnership between husband and wife is recognized by the Income Tax Law. A man and wife carrying on a business together cannot make separate returns and claim two exemptions on the ground that they draw separate incomes from the business. The law treats such a pair of incomes as one.

WHAT INCOME TAX DO COMPANIES PAY?

A Normal Tax of 10% on income exceeding \$2,000. If the taxable income is \$5,000 or over the tax is increased by 5%, making a total of $10\frac{1}{2}\%$ in such a case.

It should be remembered that returns must still be made under the Business Profits War Tax Act, as well as under the Income Tax Act; but only the greater of these two taxes has to be paid.

When a company's fiscal year does not coincide with the calendar year, returns may be made for the fiscal year that ends during the calendar year.

The individual shareholder may be taxed on his proportion of a company's **undivided profits**, if the Finance Minister considers that their accumulation is intended to evade the law and exceeds the reasonable requirements of the business.

A company has to send in before the end of March (not April) the names and addresses of its shareholders, with particulars of dividends, etc., paid to them, if any such payments have been made.

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A PARTNERSHIP NOT TAXED.

No income tax is levied on partners collectively, but each partner individually must pay the tax on his proportion of the firm's profits.

* * *

EXAMPLES

(a) Married man with three children under 18. Salary, \$1,800. His exemptions (\$2,000 for his wife and \$200 for each child) amount to \$2,600. Result, no tax. His income will have to rise above \$2,600 before he has to pay anything under the present law.

(b) Unmarried man with no dependents. Salary, \$1,200. Earned also \$36 by work in his spare time. Drew a War Disability Pension of \$96. His \$200 tax-free Victory Bonds yielded \$11. On the other hand, \$48 was kept back from his salary as his contribution to a superannuation fund; and he lost \$50 by stock speculation.

Apparently his net income was \$1,245, after deducting the \$48 and the \$50 from the total of \$1,343. But, for the purpose of the income tax he is not allowed to deduct that \$50 loss. On the other hand, he is allowed to deduct not only the \$48 held back from his salary, and the War Pension of \$96, and the \$11 from War Bonds, but a Statutory Exemption of \$1,000. His net **taxable** income therefore is \$188 (being \$1,343 less \$1,155), and his income tax is \$7.52, being 4% on \$188.

(c) Agent. Unmarried; is the chief support of his mother. Income from commissions, \$4,875. Incidentally, bought a car for \$200 and sold it for \$250. His business having nothing to do with cars, he does not report this profit as part of his income. He deducts \$355, office rent and other business expenses; also \$2,000, the personal exemption, on account of a dependent parent. Net taxable income, therefore, \$2,520. Income tax, \$100.80.

THE INCOME TAX AND THE INDIVIDUAL

Deciding to pay the tax by instalments, he sends one-fourth of it, \$25.20, by certified cheque along with his form, in good time before the last day, April 30. On or before June 30 he pays the next \$25.20, with 6% interest, or 25c for the two months, making \$25.45. By August 31, he pays \$25.70, being the third instalment with four months' interest; and before the end of October he makes the final payment, \$25.95—being the remaining \$25.20 with six months' interest.

(d) Merchant. Married, with three dependent children. Business profits, \$8,580. Yield of tax-free bonds, \$550; of various Canadian dividends \$785. Total income, \$9,915.

He deducts \$3,935 (the yield of his bonds, his Canadian dividends, the \$2,000 personal exemption of a married man, and \$200 for each child) and finds \$5,980 liable to Normal Tax. On the first \$4,000 of this he pays 4% or \$160; on the remaining \$1,980, he pays 8%, or \$158.40, making his Normal Tax \$318.40.

In calculating his Surtax, however, he may only deduct from his total income of \$9,915 the \$550 received from tax free bonds, leaving \$9,365. This does not mean that the Surtax is levied on the whole \$9,365—but on such part of that sum as exceeds \$5,000. That is, on \$4,365. And even on that \$4,365 it is not levied at a uniform rate, but at three different rates. On the first \$1,000 above the \$5,000, it is 1%, or \$10; on the next \$2,000 it is 2%, or \$40; on the remaining \$1365 it is 3%, or \$40.95. Total Surtax, \$90.95.

Normal Tax and Surtax are next added together, making \$409.35; increase this by \$20.47, the 5% supplementary tax on incomes of \$5,000 and more; and the total income tax payable is found to be \$429.82.

(e) Married couple. Husband earns \$1,800. Being married, he claims his \$2,000 exemption and pays no income tax. His wife goes out and earns \$960 a year. Being married, she claims her \$2,000 exemption and pays no income tax.



7-8 GEORGE V.

CHAP. 28

An Act to authorize the levying of a War Tax upon certain incomes.

[Assented to 20th September, 1917.]

(Revised according to amendments made in
1918, 1919 and 1920).

HIS MAJESTY, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as "The Income War *Short title* Tax Act, 1917."

2. In this Act, and in any regulations made under this Act, unless the context otherwise requires,—
- (a) "Board" means a Board of Referees appointed under section twelve hereof; "Board"
 - (b) "Minister" means the Minister of Finance; "Minister"
 - (c) "normal tax" means the tax authorized by paragraph (a) of subsection one of section four of this Act; "Normal tax"
 - (d) "person" means any individual or person and any syndicate, trust, association or other body and any body corporate, and the heirs, executors, administrators, curators and assigns or other legal representatives of such person, according to the law of that part of Canada to which the context extends; "Person"
 - (e) "surtax" means the taxes authorized by paragraph (b) of subsection one of section four of this Act; "Surtax"
 - (f) "taxpayer" means any person paying, liable to pay, or believed by the Minister to be liable to pay, any tax imposed by this Act; "Tax-payer"
 - (g) "year" means the calendar year; "Year"
 - (h) Subsection (h) is repealed;
 - (i) "dependent child" means a child under twenty-one years of age and dependent on his parent for support, or over twenty-one years of age and dependent on his parent for support on account of physical or mental incapacity; "Dependent child"
 - (j) "Persons employed in Canada" means all persons who receive, directly or indirectly, salary, wages, commissions, fees or other remuneration derived from sources within Canada for personal services, any part of which is performed in Canada; and "Persons employed in Canada"
 - (k) "Commissioner of Taxation" means the officer appointed by the Governor in Council pursuant to the provisions of this Act, having such powers and performing such duties as are assigned to him by the Governor in Council or by the Minister under the provisions of this Act. "Commissioner of taxation"

THE INCOME TAX AND THE INDIVIDUAL

- "Dividends."*
- "Income"*
- Excepted income*
- Allowance for depreciation and for exhaustion of mines, gas and oil wells, and timber limits*
- Exemption in respect of children*
- Dividends from corporations liable to tax*
- (l) "Dividends" shall include stock dividends.
3. (1) For the purposes of this Act, "income" means the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be, whether derived from sources within Canada or elsewhere, and shall include the interest, dividends or profits directly or indirectly received from money at interest upon any security or without security, or from stocks or from any other investment, and, whether such gains or profits are divided or distributed or not, and also the annual profit or gain from any other source; including the income from but not the value of property acquired by gift, bequest, devise or descent; and including the income from but not the proceeds of life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract or upon the surrender of the contract, and including the salaries, indemnities or other remuneration of members of the Senate and House of Commons of Canada and officers thereof, members of Provincial Legislative Councils and Assemblies and Municipal Councils, Commissions or Boards of Management, any Judge of any Dominion or Provincial Court appointed after the passing of this Act, and of all persons whatsoever whether the said salaries, indemnities or other remuneration are paid out of the revenues of His Majesty in respect of His Government of Canada, or of any province thereof, or by any person, except as provided in section five of this Act, with the following exemptions and deductions:—
- (a) such reasonable amount as the Minister, in his discretion, may allow for depreciation, and the Minister in determining the income derived from mining and from oil and gas wells and timber limits shall make such an allowance for the exhaustion of the mines, wells and timber limits as he may deem just and fair;
- (b) for the purposes of the normal tax only, two hundred dollars for each child under eighteen years of age who is dependent upon the taxpayer for support;
- (c) [paragraph (c) is repealed]
- (d) dividends received by or credited to shareholders of a corporation which is liable to taxation under the provisions of this Act shall not be liable to the normal tax in the hands of the shareholders, but shall be liable to the supertax and surtax provisions of this Act or any amendment thereto. The amount of the exemption

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from the normal tax to the shareholder shall not exceed the net amount of such dividends after the deduction of the interest or carrying charges, if any, in respect of such dividends;

(e) in determining the income no deduction shall be allowed in respect of personal and living expenses, and in cases in which personal and living expenses form part of the profit, gain or remuneration of the taxpayer, the same shall be assessed as income for the purposes of this Act;

*Personal
and living
expenses*

(f) deficits or losses sustained in transactions entered into for profit but not connected with the chief business, trade, profession or occupation of the taxpayer shall not be deducted from income derived from the chief business, trade, profession or occupation of the taxpayer in determining his taxable income, and the Minister shall have power to determine what deficits or losses sustained in transactions entered into for profit are connected with the chief business, trade, profession or occupation of the taxpayer, and his decision shall be final and conclusive.

Losses

(2) Where an incorporated company conducts its business, whether under agreement or otherwise, in such manner as either directly or indirectly to benefit its shareholders or any of them, or any persons directly or indirectly interested in such company, by selling its product or the goods and commodities in which it deals at less than the fair price which might be obtained therefor, the Minister may, for the purposes of this Act, determine the amount which shall be deemed to be the income of such company for the year, and in determining such amount the Minister shall have regard to the fair price which, but for any agreement, arrangement or understanding, might be or could have been obtained for such product, goods and commodities.

*Determina-
tion of
deficits and
losses*

*Holding
companies*

(3) In the case of the income of persons residing or having their head office or principal place of business outside of Canada, but carrying on business in Canada, either directly or through or in the name of any other person, the income shall be the net profit or gain arising from the business of such person in Canada..

*Non-
residents*

(4) The share of a taxpayer in the undivided or undistributed gains and profits of a corporation shall not be deemed to be taxable income of the taxpayer, unless the Minister is of opinion that the accumulation of such undivided and undistributed gains and profits is made for the purpose of evading the tax, and is in excess of what is reasonably required for the purposes of the business.

*Undistrib-
uted
profits of
corpora-
tions*

(5) Dividends declared or shareholders' bonuses voted after the thirty-first day of December, one thousand nine hundred and nineteen, shall be taxable income of the taxpayer in the year in which they are paid or distributed.

*Dividends
or share-
holders'
bonuses*

THE INCOME TAX AND THE INDIVIDUAL

Income from an estate or accumulating in trust.

(6) The income, for any taxation period, of a beneficiary of any estate or trust of whatsoever nature shall be deemed to include all income accruing to the credit of the taxpayer whether received by him or not during such taxation period. Income accumulating in trust for the benefit of unascertained persons, or of persons with contingent interests shall be taxable in the hands of the trustees or other like persons acting in a fiduciary capacity, as if such income were the income of an unmarried person.

Money retained by employer or pension, etc.

(7) Any part of the remuneration of a taxpayer retained by his employer in connection with an employer's superannuation or pension fund or plan shall be allowed as an exemption or deduction from the income of the taxpayer for income tax purposes, and any payment to an employee out of such fund or plan shall be included as taxable income of the employee.

Income tax and persons liable thereto.

4. (1) There shall be assessed, levied and paid upon the income during the preceding year of every person,—

- (i) residing or ordinarily resident in Canada; or,
- (ii) who remains in Canada during any calendar year for a period or periods equal to one hundred and eighty-three days; or,
- (iii) who is employed in Canada; or,
- (iv) who, not being a resident of Canada, is carrying on business in Canada; or,
- (v) who, not being a resident of Canada, derives income for services rendered in Canada, to any person resident or carrying on business in Canada but only upon that portion of the income so earned by such non-resident,

except corporations and joint stock companies, the following taxes :

Normal tax

(a) Four per centum

upon all income exceeding one thousand dollars, but not exceeding six thousand dollars in the case of unmarried persons and widows or widowers without dependent children, and persons who are not supporting dependent brothers or sisters under the age of eighteen years, or a dependent parent or parents, grandparent or grandparents, and exceeding two thousand dollars but not exceeding six thousand dollars in the case of all other persons, and

Eight per centum upon all income exceeding six thousand dollars.

And in addition thereto the following surtax:

(b) One per centum upon the amount by which the income exceeds five thousand dollars and does not exceed six thousand dollars;

Two per centum upon the amount by which the income exceeds six thousand dollars and does not exceed eight thousand dollars;

Three per centum upon the amount by which the income exceeds eight thousand dollars and does not exceed ten thousand dollars;

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Four per centum upon the amount by which the income exceeds ten thousand dollars and does not exceed twelve thousand dollars; Surtax
continued

Five per centum upon the amount by which the income exceeds twelve thousand dollars and does not exceed fourteen thousand dollars.

Six per centum upon the amount by which the income exceeds fourteen thousand dollars and does not exceed sixteen thousand dollars;

Seven per centum upon the amount by which the income exceeds sixteen thousand dollars and does not exceed eighteen thousand dollars,

Eight per centum upon the amount by which the income exceeds eighteen thousand dollars and does not exceed twenty thousand dollars.

Nine per centum upon the amount by which the income exceeds twenty thousand dollars and does not exceed twenty-two thousand dollars;

Ten per centum upon the amount by which the income exceeds twenty-two thousand dollars and does not exceed twenty-four thousand dollars;

Eleven per centum upon the amount by which the income exceeds twenty-four thousand dollars and does not exceed twenty-six thousand dollars;

Twelve per centum upon the amount by which the income exceeds twenty-six thousand dollars and does not exceed twenty-eight thousand dollars;

Thirteen per centum upon the amount by which the income exceeds twenty-eight thousand dollars and does not exceed thirty thousand dollars;

Fourteen per centum upon the amount by which the income exceeds thirty thousand dollars and does not exceed thirty-two thousand dollars;

Fifteen per centum upon the amount by which the income exceeds thirty-two thousand dollars and does not exceed thirty-four thousand dollars;

Sixteen per centum upon the amount by which the income exceeds thirty-four thousand dollars and does not exceed thirty-six thousand dollars;

Seventeen per centum upon the amount by which the income exceeds thirty-six thousand dollars and does not exceed thirty-eight thousand dollars;

Eighteen per centum upon the amount by which the income exceeds thirty-eight thousand dollars and does not exceed forty thousand dollars;

Nineteen per centum upon the amount by which the income exceeds forty thousand dollars and does not exceed forty-two thousand dollars;

Twenty per centum upon the amount by which the income exceeds forty two thousand dollars and does not exceed forty-four thousand dollars;

Twenty-one per centum upon the amount by which the income exceeds forty-four thousand dollars and does not exceed forty-six thousand dollars;

Twenty-two per centum upon the amount by which the income exceeds forty-six thousand dollars and does not exceed forty-eight thousand dollars;

THE INCOME TAX AND THE INDIVIDUAL

*Surtax
continued*

Twenty-three per centum upon the amount by which the income exceeds forty-eight thousand dollars and does not exceed fifty thousand dollars;

Twenty-four per centum upon the amount by which the income exceeds fifty thousand dollars and does not exceed fifty-two thousand dollars;

Twenty-five per centum upon the amount by which the income exceeds fifty-two thousand dollars and does not exceed fifty-four thousand dollars;

Twenty-six per centum upon the amount by which the income exceeds fifty-four thousand dollars and does not exceed fifty-six thousand dollars;

Twenty-seven per centum upon the amount by which the income exceeds fifty-six thousand dollars and does not exceed fifty-eight thousand dollars;

Twenty-eight per centum upon the amount by which the income exceeds fifty-eight thousand dollars and does not exceed sixty thousand dollars;

Twenty-nine per centum upon the amount by which the income exceeds sixty thousand dollars and does not exceed sixty-two thousand dollars;

Thirty per centum upon the amount by which the income exceeds sixty-two thousand dollars and does not exceed sixty-four thousand dollars;

Thirty-one per centum upon the amount by which the income exceeds sixty-four thousand dollars and does not exceed sixty-six thousand dollars;

Thirty-two per centum upon the amount by which the income exceeds sixty-six thousand dollars and does not exceed sixty-eight thousand dollars;

Thirty-three per centum upon the amount by which the income exceeds sixty-eight thousand dollars and does not exceed seventy thousand dollars;

Thirty-four per centum upon the amount by which the income exceeds seventy thousand dollars and does not exceed seventy-two thousand dollars;

Thirty-five per centum upon the amount by which the income exceeds seventy-two thousand dollars and does not exceed seventy-four thousand dollars;

Thirty-six per centum upon the amount by which the income exceeds seventy-four thousand dollars and does not exceed seventy-six thousand dollars;

Thirty-seven per centum upon the amount by which the income exceeds seventy-six thousand dollars and does not exceed seventy-eight thousand dollars;

Thirty-eight per centum upon the amount by which the income exceeds seventy-eight thousand dollars and does not exceed eighty thousand dollars;

Thirty-nine per centum upon the amount by which the income exceeds eighty thousand dollars and does not exceed eighty-two thousand dollars;

Forty per centum upon the amount by which the income exceeds eighty-two thousand dollars and does not exceed eighty-four thousand dollars;

Forty-one per centum upon the amount by which the income exceeds eighty-four thousand dollars and does not exceed eighty-six thousand dollars;

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Surtax
continued

Forty-two per centum upon the amount by which the income exceeds eighty-six thousand dollars and does not exceed eighty-eight thousand dollars;

Forty-three per centum upon the amount by which the income exceeds eighty-eight thousand dollars and does not exceed ninety thousand dollars;

Forty-four per centum upon the amount by which the income exceeds ninety thousand dollars and does not exceed ninety-two thousand dollars;

Forty-five per centum upon the amount by which the income exceeds ninety-two thousand dollars and does not exceed ninety-four thousand dollars;

Forty-six per centum upon the amount by which the income exceeds ninety-four thousand dollars and does not exceed ninety-six thousand dollars;

Forty-seven per centum upon the amount by which the income exceeds ninety-six thousand dollars and does not exceed ninety-eight thousand dollars;

Forty-eight per centum upon the amount by which the income exceeds ninety-eight thousand dollars and does not exceed one hundred thousand dollars;

Fifty-two per centum upon the amount by which the income exceeds one hundred thousand dollars and does not exceed one hundred and fifty thousand dollars;

Fifty-six per centum upon the amount by which the income exceeds one hundred and fifty thousand dollars and does not exceed two hundred thousand dollars;

Sixty per centum upon the amount by which the income exceeds two hundred thousand dollars and does not exceed three hundred thousand dollars;

Sixty-three per centum upon the amount by which the income exceeds three hundred thousand dollars and does not exceed five hundred thousand dollars;

Sixty-four per centum upon the amount by which the income exceeds five hundred thousand dollars and does not exceed one million dollars;

Sixty-five per centum upon the amount by which the income exceeds one million dollars.

(2) Corporations and joint stock companies, no matter how created or organized, shall pay ten per centum upon income exceeding two thousand dollars. Any corporation or joint stock company the fiscal year of which is not the calendar year, shall make a return and have the tax payable by it computed upon its income for its fiscal year ending within the calendar year for which the return is being made.

(2a) The several taxes and surtaxes prescribed by subsections one and two of this section are hereby increased by the addition of five per centum of the amount of each of the said taxes and surtaxes payable with respect to any taxable income of five thousand dollars or more for the calendar year one thousand nine hundred and nineteen, or any taxable income of five thousand dollars or more for accounting periods ending in the year nineteen hundred and nineteen, as the case may be, and for each calendar year or accounting period thereafter.

Corporation tax

Five per cent. added to tax and surtax on incomes of \$5,000 or more.

THE INCOME TAX AND THE INDIVIDUAL

Partnerships (3) Any persons carrying on business in partnership shall be liable for the income tax only in their individual capacity; provided, however, that a husband and wife carrying on business together shall not be deemed to be partners for any purpose under this Act. A member of a partnership or the proprietor of a business whose fiscal year is other than the calendar year shall make a return and have the tax computed upon the income from the business, for the fiscal period ending within the calendar year for which the return is being made, but his return of income derived from sources other than his business shall be made for the calendar year.

Returns, and tax computed.

Transfer of property to evade taxation

Deductions allowed from tax

Payments under Part I Special War Revenue Act, 1915, Business Profits War Tax Act, 1916

Income tax paid in any other portion of Empire or in any foreign country

(4) A person who, after the first day of August, 1917, has reduced his income by the transfer or assignment of any real or personal, movable or immovable property, to such person's wife or husband, as the case may be, or to any member of the family of such person, shall, nevertheless, be liable to be taxed as if such transfer or assignment had not been made, unless the Minister is satisfied that such transfer or assignment was not made for the purpose of evading the taxes imposed under this Act or any part thereof.

(5) Taxpayers shall be entitled to the following deductions from the amount that would otherwise be payable by them for taxes under the provisions of this Act:—

(a) the amount paid by such taxpayer for corresponding accounting periods under the provisions of Part I of *The Special War Revenue Act, 1915*, and any amendments thereto, or *The Business Profits War Tax Act, 1916*, and any amendments thereto: Provided, that in computing the taxable income hereunder the taxpayer shall not include any taxes paid under the said Acts in the expenses of his business, and the Minister shall have power to determine any questions that may arise in consequence of any difference in the several periods for which the taxes under the said Acts and under this Act, respectively, are payable, and the decision of the Minister shall be final and conclusive. In the case of a partnership, each partner shall be entitled to deduct such portion of the tax paid by the partnership under *The Business Profits War Tax Act, 1916*, and any amendments thereto, as may correspond to his interest in the income of the partnership: Provided that such deduction shall not affect the liability of the taxpayer to tax hereunder in respect of any income which does not form part of the profits assessed, under *The Business Profits War Tax Act, 1916*, but such income shall be assessed for income tax purposes in the same manner as if it were the only income of the taxpayer.

(b) The amount paid to Great Britain or any of its self-governing colonies or dependencies for income tax in respect of the income of the taxpayer derived from sources therein, and the

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amount paid to any foreign country for income tax in respect of the income of the taxpayer derived from sources therein, if, and only if, such foreign country in imposing such tax allows a similar credit to persons in receipt of income derived from sources within Canada: Provided, that such deduction shall not at any time exceed the amount of tax which would otherwise be payable under the provisions of section three of chapter twenty-five of the statutes of 1918, or of any amending Act, in respect of the said income derived from sources within Great Britain or any of its self-governing colonies or dependencies or any foreign country; and further provided, that the said deduction shall be allowed only if the taxpayer furnishes evidence satisfactory to the Minister showing the amount of tax paid and the particulars of income derived from sources within Great Britain or any of its self-governing colonies or dependencies or any foreign country.

5. The following incomes shall not be liable to taxation hereunder:

- (a) the income of the Governor General of Canada;
- (b) the incomes of Consuls and Consuls General who are citizens of the country they represent and who are not engaged in any other business or profession;
- (c) the income of any company, commission or association not less than ninety per cent. of the stock or capital of which is owned by a province or a municipality;
- (d) the income of any religious, charitable, agricultural and educational institutions, Boards of Trade and Chambers of Commerce;
- (e) the incomes of labour organizations and societies and of benevolent and fraternal beneficiary societies and orders;
- (f) the incomes of mutual corporations not having a capital represented by shares, no part of the income of which inures to the profit of any member thereof, and of life insurance companies except such amount as is credited to shareholders' account;
- (g) the incomes of clubs, societies and associations organized and operated solely for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which inures to the benefit of any stockholder or member;
- (h) the incomes of such insurance, mortgage and loan associations operated entirely for the benefit of farmers as are approved by the Minister;
- (i) the income derived from any bonds or other securities of the Dominion of Canada issued

*Incomes
not liable
to tax*

THE INCOME TAX AND THE INDIVIDUAL

exempt from any income tax imposed in pursuance of any legislation enacted by the Parliament of Canada;

- (j) [paragraph (j) is repealed]
(k) the income of incorporated companies whose business and assets are carried on and situate entirely outside of Canada; and

*Income
from
pensions
not liable
to tax*

- (l) any pension granted to any member of His Majesty's military, naval or air forces for any disability suffered by the pensioner while serving in any of His Majesty's forces during the war that began in August, one thousand nine hundred and fourteen, and any pension granted to any dependent relative of any person who was killed or suffered any disability while serving in the said forces in the said war.

6. [Section six is repealed.]

*Annual
returns*

7. (1) Every person liable to taxation under this Act shall, on or before the thirtieth day of April in each year, without any notice or demand, and any person whether liable to taxation hereunder or not, upon receipt of a notice or demand in writing from the Commissioner of Taxation or any officer authorized to make such demand, deliver to the Minister a return, in such form as the Minister may prescribe, of his total income during the last preceding year. In such return the taxpayer shall state an address in Canada to which all notices and other documents to be mailed or served under this Act may be mailed or sent.

*Returns of
corpora-
tions, etc.*

- (2) The return in the case of a corporation, association or other body, shall be made and signed by the president, secretary, treasurer or chief agent having a personal knowledge of the affairs of such corporation, association or other body, or, in any case, by such other person or persons employed in the business liable, or believed to be liable to taxation, as the Minister may require.

*Return by
guan lian.
legal repre-
sentative,
etc.*

- (3) If a person is unable for any reason to make the return required by this section, such return shall be made by the guardian, curator, tutor or other legal representative of such person, or if there is no such legal representative, by some one acting as agent for such person, and in the case of the estate of any deceased person, by the executor, administrator or heir of such deceased person, and if there is no person to make a return under the provisions of this subsection, then such person as may be required by the Minister to make such return.

*Returns by
employers
of salaries
and by
companies
of divi-
dends, etc.*

- (4) All employers shall make a return of all persons in their employ receiving any salary or other remuneration in excess of such an amount as the Minister may prescribe, and all corporations, associations and syndicates shall make a return of all dividends and bonuses paid to shareholders and members, and all persons in whatever capacity

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acting, having the control, receipt, disposal or payment of fixed or determinable annual or periodical gains, profits or income of any taxpayer, shall make and render a separate and distinct return to the Minister of such gains, profits or income, containing the name and address of each taxpayer. Such returns shall be delivered to the Minister on or before the thirty-first day of March in each year, without any notice or demand being made therefor, and in such form as the Minister may prescribe.

(5) The Minister may at any time enlarge the time for making any return.

(6) Every person required to make a return under subsection one of this section who fails to make a return within the time limited therefor shall be subject to a penalty of twenty-five per centum of the amount of the tax payable, and every other person who is required to make a return under the provisions of this section who fails to do so within the time limited therefor, will be subject to a penalty of ten dollars for each day during which the default continues, and all such penalties shall be assessed and collected from the person liable to make the return in the same manner in which taxes are assessed and collected.

*Enlarging
time for
returns*
*Penalty for
not making
return*

(7) Every person liable to pay any tax or surtax under this Act shall send with the return of the income upon which such tax and surtax is payable not less than one-quarter of the amount of such tax and surtax, and may pay the balance, if any, of such tax and surtax in not more than three equal bimonthly instalments thereafter, together with interest at the rate of six per centum per annum upon each instalment from the last day prescribed for making such return to the time payment is made.

*One-quar-
ter tax to be
forwarded
with re-
turn;
balance
may be
paid by in-
stalments
with
interest.*

(8) Any person liable to pay any tax or surtax under this Act who, in the return of the income liable to taxation, makes a return in which he states the income to be less than the true amount, shall pay to His Majesty the additional amount of tax and surtax due on the income omitted from his return and, in addition, interest at the rate of ten per centum per annum upon such amount from the last day prescribed for making such return until the same is paid.

*Penalties
for under-
stating
true
amount of
income.*

If the amount of the income omitted from his return exceeds ten per centum of the correct income but is under twenty per centum of the same, such person shall pay to His Majesty an additional amount equal to one-half of the amount of such deficiency, and, if the deficiency amounts to twenty per centum or more of the correct income, such person shall pay to His Majesty an additional amount equal to the amount of such deficiency.

*From 10 to
under 20
per cent.*

Penalties herein are additional penalties and not in lieu of any penalty that may be imposed under subsection two of section nine of the said Act.

*From and
over 20 per
cent.*

*Penalties
are addi-
tional.*

THE INCOME TAX AND THE INDIVIDUAL

*Trustees,
assignees,
executors,
etc., to
make re-
turns, pay
taxes, etc.,
before dis-
tribution.*

(9) In cases wherein trustees in bankruptcy, assignees, liquidators, curators, receivers, administrators, heirs, executors and such other like persons or legal representatives are administering, managing, winding-up, controlling, or otherwise dealing with the property, business or estate of any person who has not made a return for any taxable period or for any portion of a taxable period for which such person was required to make a return in accordance with the provisions of the Act, they shall make such return and shall pay any tax and surtax and interest and penalties assessed and levied with respect thereto before making any distribution of the said property, business or estate.

*Trustees,
assignees,
executors,
etc., to ob-
tain certi-
ficate that
all charges
are paid
before dis-
tribution.*

(10) Trustees in bankruptcy, assignees, administrators, executors and other like persons, before distributing any assets under their control shall obtain a certificate from the Minister certifying that no unpaid assessment of income tax, surtax, interest and penalties properly chargeable against the person, property, business or estate, as the case may be, remains outstanding. Distribution without such certificate shall render the trustees in bankruptcy, assignees, administrators, executors and other like persons personally liable for the tax, surtax, interest and penalties.

*Agent,
trustee or
collector for
non-resi-
dent.*

(11) Every agent, trustee or person who collects or receives, or is in any way in possession or control of income for or on behalf of a person who is resident outside of Canada, shall make a return of such income, and, in case of default by such non-resident of the payment of any tax payable, shall, on being so notified by the Minister, deduct the amount of such tax from either the income or other assets of such non-resident in his hands and pay the same to the Minister.

*Refund of
over-pay-
ments.*

(12) The returns received by the Minister shall be with all due despatch checked and examined, and in all cases where such examination discloses that an overpayment has been made by a taxpayer the Minister shall make a refund of the amount so overpaid by such taxpayer, except in cases where any instalment or instalments are either due or falling due by such taxpayer, when the amount of the overpayment shall be applied on such instalment or instalments and notice of said action given such taxpayer accompanied by the payment of the balance, if any, of the amount overpaid.

*Demand
for addi-
tional in-
formation.*

8. (1) If the Minister, in order to enable him to make an assessment or for any other purpose, desires any information or additional information or a return from any person who has not made a return, or a complete return, he may by registered letter demand from such person such information, additional information or return, and such person shall deliver to the Minister such information, additional information or return within thirty days from the date of mailing of such registered letter.

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For the purpose of any proceedings taken under this Act, the facts necessary to establish compliance on the part of the Minister with the provisions of this section as well as default hereunder shall be sufficiently proved in any court of law by the affidavit of the Commissioner of Taxation or any other responsible officer of the Department of Finance. Such affidavit shall have attached thereto as an exhibit a copy or duplicate of the said letter.

Compli-
ance of
Minister
with Act to
be proved
by affidavit.

(2) (a) The Minister may require the production, or the production on oath, by the taxpayer or by his agent or officer, or by any person or partnership holding, or paying, or liable to pay, any portion of the income of any taxpayer, of any letters, accounts, invoices, statements and other documents.

Production
of letters,
accounts,
etc.

(b) The Minister may require and demand the production, or the production on oath, by any person, or by his agent, or officer, of any letters, accounts, invoices, statements financial or otherwise, books or other documents, held by such person, agent or officer, for the purpose of arriving at the tax believed to be payable by any other person, and the same shall be produced within thirty days from the date of mailing of such demand.

Production
of letters,
books, etc.
by person,
or agent or
officer to
prove tax
payable
by an-
other.

(c) Every person who, in whatever capacity acting, is in receipt of any money, thing of value, or of profits, or gains arising from any source, or of or belonging to any other person shall, when required to do so by notice from the Minister prepare and deliver to the Minister any information required, within thirty days from the date of the mailing of such notice.

Persons in
receipt of
money, etc.,
of another,
to produce
informa-
tion re-
quired.

(3) Any officer authorized thereto by the Minister may make such inquiry as he may deem necessary for ascertaining the income of any taxpayer, and for the purposes of such inquiry such officer shall have all the powers and authority of a commissioner appointed under Part I of the *Inquiries Act*, Revised Statutes of Canada, 1906, chapter one hundred and four.

Inquiry as
to income

(4) If a taxpayer fails or refuses to keep adequate books or accounts for Income Tax purposes, the Minister may require the taxpayer to keep such records and accounts as he may prescribe.

Books of
account
must be
kept

9. (1) For every default in complying with the provisions of the next preceding section, the persons in default shall each be liable on summary conviction to a penalty of one hundred dollars for each day during which the default continues.

Penalty

(2) Any person making a false statement in any return or giving information required by the Minister, shall be liable on summary conviction to a penalty not exceeding ten thousand dollars or to six months' imprisonment, or to both fine and imprisonment.

False
statements

Penalty

THE INCOME TAX AND THE INDIVIDUAL

Penalties for short payments, or not mak- ing pay- ments.

10. (1) If the taxpayer pays as any instalment less than one-quarter of the tax as estimated by him or should he fail to make any payment at the time of filing his return or at the time when any instalment should be paid, he shall pay in addition to all other penalties a penalty of five dollars or one-quarter of the amount of the tax unpaid, whichever is the greater.

Notice of assessment.

Payment of additional amounts found to be due.

After examination of the taxpayer's return, the Minister shall send a notice of assessment to the taxpayer, verifying or altering the amount of the tax as estimated by him in his return. Any additional tax found due over the estimated amount shall be paid within thirty days from the date of the mailing of the notice of assessment. If the additional amount is not paid within the said thirty days, then the taxpayer shall pay a penalty of five dollars or one-quarter of the amount unpaid, whichever is the greater.

Demand for pay- ment if taxpayer is leaving Canada.

Seizure of goods upon non- payment.

Certificate to author- ize seizure

(2) The Minister, if he suspects that the taxpayer is about to leave Canada may, for that or any other reason, by registered letter addressed to the taxpayer, demand payment of all taxes, penalties and accrued interest for which the taxpayer is liable, and the same shall be paid within ten days from the date of mailing of such registered letter, notwithstanding any other provisions in this Act contained. Non-payment of the said tax within the specified time shall render the goods of the taxpayer liable to seizure by the sheriff of the city, county or district in which the goods of the taxpayer are situate. A certificate of non-compliance with any such demand, signed by the Commissioner of Taxation, setting forth the particulars of the demand and placed in the hands of the sheriff, shall be sufficient authority for him to seize sufficient of the goods of the taxpayer to meet the said demand.

Sale.

The sale of such goods and the disposition of the monies realized shall be conducted in the manner prescribed by the law of the province in which the goods are situate as if the seizure were made under a writ of execution issued out of the Superior Court of the said province.

Minister not bound by returns

(2) The Minister shall not be bound by any return or information supplied by or on behalf of a taxpayer, and notwithstanding such return or information, or if no return has been made, the Minister may determine the amount of the tax to be paid by any person.

*Editor's Note.—Parliament added this new subsection in 1920 and gave it the number (2), but let the old subsection (1) stay unchanged. As there are now two rival "Sub-sections (2)," care should be taken, when referring to either, to show clearly which is meant.

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(3) Any person liable to pay the tax shall continue to be liable, and in case any person so liable shall fail to make a return as required by this Act, or shall make an incorrect or false return, and does not pay the tax in whole or in part, the Minister may at any time assess such person for the tax, or such portion thereof as he may be liable to pay, and may prescribe the time within which any appeals may be made under the provisions of this Act, from the assessment, or from the decision of the Board, and may fix the date of payment of the tax.

Continuation
of
liability
for tax

(4) The Minister may refund any tax or penalty wrongfully or illegally assessed and collected, but no refund shall be allowed because of any alleged error in the assessment unless application therefor is made within twelve months of the date of the payment of the tax or penalty.

Refunds

(5) Any chartered bank of Canada shall receive for deposit, without any charge for discount or commission, any cheque made payable to the Receiver General of Canada in payment of tax or penalty imposed by this Act, whether drawn on the bank receiving the cheque or on any other chartered bank in Canada.

No bank
charges for
discount,
etc., on
cheques for
income tax
or penalty

11. No person employed in the service of His Majesty shall communicate or allow to be communicated to any person not legally entitled thereto, any information obtained under the provisions of this Act, or allow any such person to inspect or have access to any written statement furnished under the provisions of this Act. Any person violating any of the provisions of this section shall be liable on summary conviction to a penalty not exceeding two hundred dollars.

Secrecy

12. (1) The Governor in Council may appoint a Board or Boards of Referees, and may prescribe the territory or district within which a Board shall exercise jurisdiction. A Board shall consist of not more than three members, and the members of a Board shall jointly and severally have all the powers and authority of a commissioner appointed under Part I of the *Inquiries Act*, Revised Statutes of Canada, 1906, chapter one hundred and four.

Board of
Referees

(2) Every member of the Board shall take an oath of office in form I of the Schedule to this Act before performing any duty under this Act. All affidavits made in pursuance of this subsection shall be filed with the Minister.

Oath

13. A Board shall act as a Court of Revision, and shall hear and determine any appeal made by a taxpayer under this Act in such place in Canada as the Minister may direct.

Court of
Revision

THE INCOME TAX AND THE INDIVIDUAL

Notice of appeal

14. Any person objecting to the amount at which he is assessed, or as having been wrongfully assessed, may, personally or by his agent, within twenty days after the date of mailing of the notice of assessment, as provided in section ten of this Act, give notice in writing to the Minister in form II of the Schedule to this Act that he considers himself aggrieved for either of the causes aforesaid, otherwise such person's right to appeal shall cease, and the assessment made shall stand and be valid and binding upon all parties concerned, notwithstanding any defect, error or omission that may have been made therein, or in any proceeding required by this Act or any regulation hereunder: Provided, however, that the Minister, either before or after the expiry of the said twenty days, may give a taxpayer further time in which to appeal.

Hearing and decision by Board

15. (1) A Board, after hearing any evidence adduced, and upon such other inquiry as it considers advisable, shall determine the matter and confirm or amend the assessment accordingly. A Board may increase the assessment in any case before it. The Board shall send a copy of its decision by registered mail to the taxpayer or his agent or officer.

Costs

(2) In any case where the appeal is unsuccessful, the Board may direct that the person who appealed shall pay the costs or part of the costs of such appeal; and if such appeal is successful, a Board may recommend that the costs or any part thereof be paid by the Crown. The tariff of fees shall be as prescribed by the Board.

Proceeding ex parte

16. If the taxpayer fails to appear, either in person or by agent, the Board may proceed *ex parte* or may defer the hearing.

Appeal to Exchequer Court

17. If the taxpayer is dissatisfied with the decision of a Board, he may, within twenty days after the mailing of the decision, give a written notice to the Minister in form III of the Schedule to this Act that he desires to appeal from such decision. If the taxpayer gives such notice, or if the Minister is dissatisfied with the decision, the Minister shall refer the matter to the Exchequer Court of Canada for hearing and determination, and such reference may be made in form IV of the Schedule to this Act, and he shall notify the taxpayer by registered letter that he has made such reference. On any such reference the Court shall hear and consider such matter upon the papers and evidence referred, and upon any further evidence which the taxpayer or the Crown produces under the direction of the Court, and the decision of Exchequer Court thereon shall be final and conclusive.

Exclusive jurisdiction of Exchequer Court

18. Except as hereinafter expressly provided, the Exchequer Court shall have exclusive jurisdiction to hear and determine all questions that may arise in connection with any proceeding taken under this Act, and may award costs in connection therewith.

THE ROYAL TRUST COMPANY, MONTREAL

19. (1) No assessment shall be set aside by a Board or by the Court upon the ground that there has been any error or omission in connection with any proceedings required to be taken under this Act or any regulation hereunder, but such Board or Court in any case that may come before it may determine the true and proper amount of the tax to be paid hereunder.

No
assessment
to be set
aside for
technical
reasons

(2) All the proceedings of the Board and of the Exchequer Court shall be held *in camera* if requested by the taxpayer.

Proceed-
ings in
camera

20. The taxes and all interest and costs assessed or imposed under the provisions of this Act shall be recoverable as a debt due to His Majesty from the person on whom it is assessed or imposed.

Tax a debt
due the
Crown

21. Any tax, interest, costs or penalty that may be assessed, recovered or imposed under this Act may, at the option of the Minister, be recovered and imposed in the Exchequer Court of Canada or in any other Court of competent jurisdiction in the name of His Majesty.

Recovery of
tax, etc.

22. The Minister shall have the administration of this Act and the control and management of the collection of the taxation levied hereby, and of all matters incident thereto, and of the officers and persons employed in that service. The Minister may make any regulations deemed necessary for carrying this Act into effect, and may thereby authorize the Commissioner of Taxation to exercise such of the powers conferred by this Act upon the Minister, as may, in the opinion of the Minister, be conveniently exercised by the Commissioner of Taxation.

Adminis-
tration by
Minister

Regula-
tions

Commis-
sioner of
Taxation
to exercise
authorized
powers

23. The Governor in Council may from time to time appoint officers and other persons to carry out this Act or any order in council or regulations made thereunder, and the Governor in Council may assign the names of office of such officers and other persons, and grant such salaries or pay for their services and responsibilities as he deems necessary and reasonable, and may appoint the times and manner in which the same shall be paid.

Appoint-
ment of
officers to
administer
Act, and
their
salaries

24. The first return to be made by taxpayers under section seven of this Act shall be made on or before the twenty-eighth day of February, one thousand nine hundred and eighteen, and all taxpayers shall (subject to the provisions of subsection two of section four) be liable to taxation in respect of their income for the year ending the thirty-first day of December, one thousand nine hundred and seventeen, and for each year thereafter, except as otherwise provided in the Act.

Taxes
based on
income for
calendar
year.

THE INCOME T AND THE INDIVIDUAL

SCHEDULE

FORM I.

The Income War Tax Act, 1917.

I, make oath and swear that I will faithfully and honestly fulfil the duties which devolve upon me as a member of a Board of Referees under *The Income War Tax Act, 1917.*

Sworn before me this

..... day of
..... A.D., 19....

FORM II.

The Income War Tax Act, 1917.

In the matter of the assessment of
To the Minister of Finance,

I hereby give notice that I object to the amount at which I am assessed for the following reasons:

(here shortly describe reasons)

or, I am not liable to taxation under the above Act for the following reasons:

(here shortly describe reasons)

Dated this day of 19..
(Signature)

FORM III.

The Income War Tax Act, 1917.

In the matter of the assessment of
To the Minister of Finance,

I hereby give notice that I am dissatisfied with the decision given by the Board of Referees in this matter for the following reasons:

(here shortly describe reasons)

and that I desire to appeal to the Exchequer Court of Canada.

Dated this day of A.D., 19..
(Signature)

FORM IV.

The Income War Tax Act, 1917.

In the matter of the assessment of

By virtue of the powers vested in me in this behalf under *The Income War Tax Act, 1917*, I hereby refer the appeal of (or my appeal) against the decision of the Board of Referees, to the Exchequer Court of Canada, for adjudication thereon, and enclose herewith the said decision and the other papers relating to the matter.

Dated this day of A.D., 19..
To the Registrar of the

Exchequer Court of Canada.

..... Minister of Finance.

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THE ROYAL TRUST COMPANY, MONTREAL

INCOME TAX TABLE

The following table shows the amount of Tax payable by a married man, without dependent children, on various amounts of income, assuming that all such income is taxable. Few people will find the total Tax shown opposite the income to be exactly accurate in their cases, as most will have certain incomes which are wholly or partially exempt from taxation, such as Dominion of Canada tax-exempt bonds, dividends from Canadian companies, etc., etc.

To find the amount of tax payable by an unmarried man add \$40.00 (4 p.c. on \$1,000) to the total tax shewn opposite the relative amount of income, if less than \$5,000 and \$12.00 (\$40.00 + 5% of \$40.00) if income is \$5,000 or more.

Amount of Net Income	Normal Tax Rate per cent.	Normal Tax	Surtax Rate per cent.	Surtax	Total Normal Tax and Surtax	Supertax at the rate of 5%.	Total Tax
1,000	none	none	none	none	none	none	none
1,500	..	..	..	..	..	..	..
2,000	..	..	..	..	..	..	..
2,500	4	20	..	..	20	..	..
3,000	4	40	..	..	40	..	..
4,000	4	80	..	..	80	..	..
5,000	4	120	..	..	120	..	..
6,000	4	160	1	10	170	6.00	126.00
8,000	8	320	2	50	370	8.50	178.50
10,000	8	480	3	110	590	20.50	388.50
12,000	8	640	4	190	830	41.50	619.50
14,000	8	800	5	290	1,090	54.50	871.50
16,000	8	960	6	410	1,370	68.50	1,144.50
18,000	8	1,120	7	550	1,670	83.50	1,438.50
20,000	8	1,280	8	710	1,990	99.50	2,089.50
22,000	8	1,440	9	880	2,330	116.50	2,446.50
24,000	8	1,600	10	1,080	2,690	134.50	2,824.50
26,000	8	1,760	11	1,310	3,070	153.50	3,223.50
28,000	8	1,920	12	1,550	3,470	173.50	3,643.50
30,000	8	2,080	13	1,810	3,890	194.50	4,084.50
32,000	8	2,240	14	2,090	4,330	216.50	4,546.50
34,000	8	2,400	15	2,390	4,790	239.50	5,029.50
36,000	8	2,560	16	2,710	5,270	263.50	5,533.50
38,000	8	2,720	17	3,050	5,770	288.50	6,068.50
40,000	8	2,880	18	3,410	6,290	314.50	6,604.50
42,000	8	3,040	19	3,790	6,830	341.50	7,171.50
44,000	8	3,200	20	4,190	7,390	369.50	7,759.50
46,000	8	3,360	21	4,610	7,970	399.50	8,368.50
48,000	8	3,520	22	5,050	8,570	428.50	8,998.50
50,000	8	3,680	23	5,510	9,190	459.50	9,649.50
52,000	8	3,840	24	5,990	9,830	491.50	10,321.50
54,000	8	4,000	25	6,490	10,490	524.50	11,014.50
56,000	8	4,160	26	7,010	11,170	558.50	11,728.50
58,000	8	4,320	27	7,550	11,870	593.50	12,463.50
60,000	8	4,480	28	8,110	12,590	629.50	13,219.50
62,000	8	4,640	29	8,690	13,330	666.50	13,996.50
64,000	8	4,800	30	9,290	14,090	704.50	14,794.50
66,000	8	4,960	31	9,910	14,870	743.50	15,613.50
68,000	8	5,120	32	10,550	15,670	783.50	16,453.50
70,000	8	5,280	33	11,210	16,490	824.50	17,314.50
72,000	8	5,440	34	11,890	17,330	866.50	18,196.50
74,000	8	5,600	35	12,590	18,190	909.50	19,099.50
76,000	8	5,760	36	13,310	19,070	953.50	20,023.50
78,000	8	5,920	37	14,050	19,970	998.50	20,968.50
80,000	8	6,080	38	14,810	20,890	1,044.50	21,934.50
82,000	8	6,240	39	15,590	21,830	1,091.50	22,921.50
84,000	8	6,400	40	16,390	22,790	1,139.50	23,929.50
86,000	8	6,560	41	17,210	23,770	1,188.50	24,958.50
88,000	8	6,720	42	18,050	24,770	1,238.50	26,008.50
90,000	8	6,880	43	18,910	25,790	1,289.50	27,079.50
92,000	8	7,040	44	19,790	26,830	1,341.50	28,171.50
94,000	8	7,200	45	20,690	27,890	1,394.50	29,284.50
96,000	8	7,360	46	21,610	28,970	1,448.50	30,418.50
98,000	8	7,520	47	22,550	30,070	1,503.50	31,573.50
100,000	8	7,680	48	23,510	31,190	1,559.50	32,749.50
150,000	8	11,680	52	49,510	61,190	3,059.50	64,249.50
200,000	8	15,680	56	77,510	93,190	4,659.50	97,849.50
300,000	8	23,680	60	137,510	161,190	8,059.50	169,249.50
500,000	8	39,680	63	263,510	303,190	15,159.50	318,349.50
1,000,000	8	79,680	64	583,510	663,190	33,159.50	696,349.50
1,000,000+				65			

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